

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
MAY 5, 2009
7:00 P.M.

1. CALL TO ORDER

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 *Approval of Minutes – None.*

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS – None.

5. OTHER BUSINESS

5.1 Report Out from Closed Session of Any Final Action

5.2 **CONSIDERATION OF ADDITIONAL PREDEVELOPMENT LOAN FUNDING FOR ALLIED HOUSING MAIN STREET VILLAGE PROJECT**
Redevelopment Agency Consideration of \$176,000 in Additional Predevelopment Loan Funding to Allied Housing in Connection with a 64 unit Affordable Housing Development Proposed for a 1.5-Acre Vacant Parcel at 3615 Main Street in the Irvington Redevelopment Area

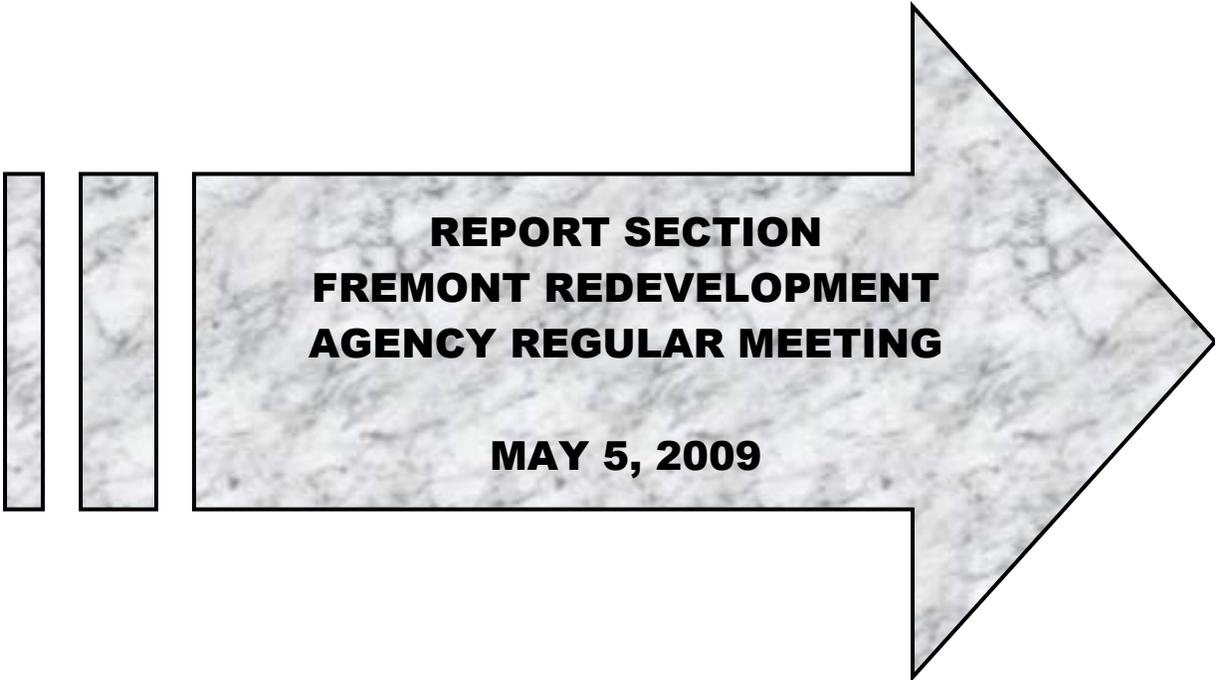
Contact Person:

Name:	Irene Klebanivska	Elisa Tierney
Title:	Business Manager	Director
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RECOMMENDATION: Staff recommends that the Agency Board:

1. Adopt a Resolution to authorize the Executive Director or designee to execute the loan documents and take such other actions as required to provide additional predevelopment loan funding in the amount of \$176,000 to Allied Housing in connection with a 64 unit affordable housing development proposed for a 1.5-acre vacant parcel at Main and High Streets in the Irvington Redevelopment Project Area;
2. Approve an appropriation of \$176,000 from the unappropriated affordable housing fund balance to the Main Street Village project (911HHD6113) in order to provide additional predevelopment funding for the proposed development;
3. Approve an appropriation of \$75,000 from the unappropriated affordable housing fund balance to the Main Street Village project (911HHD6113) to provide funding for staff and special counsel costs associated with technical review and legal advisory services.

6. ADJOURNMENT



5.1 Report Out from Closed Session of Any Final Action

5.2 CONSIDERATION OF ADDITIONAL PREDEVELOPMENT LOAN FUNDING FOR ALLIED HOUSING MAIN STREET VILLAGE PROJECT
Redevelopment Agency Consideration of \$176,000 in Additional Predevelopment Loan Funding to Allied Housing in Connection with a 64 unit Affordable Housing Development Proposed for a 1.5-Acre Vacant Parcel at 3615 Main Street in the Irvington Redevelopment Area

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Executive Summary: Allied Housing and Mid-Peninsula Housing Coalition (MPHC) are partnering with the City and the Redevelopment Agency on the proposed Main Street Village project, a 64 unit extremely low and very low income housing development on the corner of Main Street and High Street in the Irvington Redevelopment Area. The Agency has supported this project with a \$219,000 predevelopment loan and a \$3,000,000 acquisition loan. Allied has utilized this funding for the acquisition of the project site and for initiating architectural, engineering, and environmental feasibility work necessary for securing the entitlements. At this time, all predevelopment funding has been exhausted and Allied is requesting an additional predevelopment loan of \$176,000 from the Redevelopment Agency to assist the project in proceeding through the entitlement phase. If approved, this funding request will allow the project design team to immediately continue the development of all necessary plans for the General Plan Amendment and the Site Plan Approval, and would cover the majority of the costs associated with the required environmental review. Staff recommends that the Agency Board approve the request for the additional predevelopment funding to assist the project in proceeding through the entitlement phase. Staff also recommends that the Agency Board approve an appropriation of \$75,000 to the Main Street Village project to fund various staff and special counsel costs associated with technical review and legal advisory services for the proposed development.

BACKGROUND: On January 22, 2008, the Agency Board approved a \$219,000 predevelopment loan for the project. On October 7, 2008, the Agency Board approved a \$3,000,000 acquisition loan to Allied for the purchase of the 1.5-acre site for the proposed Main Street Village development. At that time, Allied indicated that the project financing plan showed a funding gap of approximately \$1,500,000, for which future Agency financing requests would likely be submitted. Currently, both Allied and MPHC are aggressively pursuing other funding sources (\$320,000 from the Sobrato Fund and \$100,000 from the State Housing and Community Development Predevelopment Loan Program) for predevelopment financing and are prepared to dedicate their own resources (approximately \$59,000) to ensure that the design and development phase of the project can continue. However, these other predevelopment funding sources will not become available until later in the summer; therefore, Allied is requesting an additional \$176,000 in predevelopment assistance from the Agency in order to continue the entitlement and environmental review process. If approved, this funding request will allow the project architect to immediately move forward with the development of all required plans, including the retention of a civil engineer to prepare detailed grading, utility and stormwater plans, and a surveyor to

complete the required tree survey and other technical surveys on the site. This additional funding would also cover the majority of the cost of the CEQA and NEPA environmental review required for the project.

Development Site and Project Description: The parcels comprising the 1.5-acre irregularly shaped site are zoned residential planned district with a General Plan designation of medium density (15-18 dwelling units to the acre). Developing the project on the site requires rezoning and a General Plan amendment. Allied is proposing to develop a mixed use residential and commercial development consisting of 64 affordable housing units and 6-8 ground floor commercial spaces. The residential units, including studios, one-bedroom, two-bedroom and three-bedroom apartments, target extremely low, very low and low income households. The preliminary development plan includes an on-site community room, service center, computer technology room, children's playground area and family picnic area. The apartments would make extensive use of green building techniques to increase energy efficiency and the use of sustainable materials, and will actively pursue grant funding available for projects of this nature. The project will also incorporate universal design principles to promote accessibility.

Ten units would be restricted to tenants who qualify for the MHSA (Mental Health Services Act) Greater HOPE or STAY (Supportive Housing for Transition Age Youth) programs. Greater HOPE participants will be extremely low income, chronically homeless adults, and those living with severe and persistent mental illnesses. STAY participants will be transition-aged youths who are extremely low income, homeless or at risk of homelessness, and living with severe and persistent mental illness. Nine additional units will house other special needs tenants, which may include individuals with physical or mental disabilities and/or transition-aged foster care youth.

Allied will contract with Abode Services to provide on-site service coordination. Abode already provides these types of support services at other properties. Such services include intensive case management, job counseling and placement referral, life skills training, money management, parenting classes, children's programs, benefits acquisition, primary healthcare, mental health services, and individual and group substance recovery counseling.

Project Status: Over the course of the past 18 months, Allied Housing has been working in close partnership with the City and the Redevelopment Agency on the proposed Main Street Village development. With the Agency's financial assistance, the project site, located on the corner of High Street and Main in Irvington, was acquired in November 2008. Shortly after the acquisition of the site, Allied engaged an architectural and engineering team to initiate the design, planning and environmental studies on the site. Together with the City's Planning Department, the project development team has completed a Preliminary Review Procedure and is now moving forward with incorporating various technical recommendations, provided in response to the application submittal for a General Plan Amendment and the Site Plan Approval. Additionally, Allied has partnered with Mid-Peninsula Housing Coalition, which brings almost 40 years of real estate development experience to the project team, including significant experience with tax credits projects, in order to further facilitate and strengthen both financial and affordable housing development components of the proposed project.

Community Outreach: During the course of the last year, Allied Housing hosted an open house, which allowed the community to view the preliminary site plans and offer input about the Main Street Village project, and visited all neighbors adjacent to the project site. The developer also presented the project to

the Irvington Business Association. As the project advances, Allied will continue its commitment to reach out to the community.

Loan Agreement Key Terms and Performance Milestones: If approved, the additional \$176,000 in predevelopment funding will be combined with the existing \$3,219,000 Predevelopment and Acquisition Loan between the Redevelopment Agency and Allied Housing. The following summary outlines key terms of the proposed loan, as well as the estimated performance milestones for the Main Street Village development:

Predevelopment and Acquisition Loan Terms:

- Amount- \$3,395,000 (\$3,219,000 of existing funding and \$176,000 currently requested);
- Interest Rate - 3% simple interest;
- Repayment Structure – residual receipts, due in 55 years.

Major Performance Milestones:

- January 2009 - Submitting Financing Proposal, Conceptual Site Plan, and Application for Land Use Approvals (completed);
- January –March 2009 – Selecting Development Partner (completed);
- April – July 2009 – Establishing Limited Partnership with Development Partner (currently underway);
- August – September 2009 – Obtaining Commitment for Construction Financing;
- December 2009- Receiving Land Use Approvals;
- Spring 2010 – Submitting Application for Tax Credits;
- July – August 2010 – Obtaining Building Permits;
- September 2010 – Commencing Construction;
- December 2011 – Completing Construction;
- June 2011- January 2012 – Completing the Leaseup of the Project.

Project Financing: The following sources and uses summary was prepared from the financial proforma submitted with Allied’s request for additional predevelopment funding. The proforma illustrates two possible financing scenarios, which are based on the estimated pricing of the tax credits at the time equity investors allocate funding for the project (tentatively, Spring 2010):

MAIN STREET VILLAGE-SOURCES AND USES SUMMARY (64 AFFORDABLE RESIDENTIAL UNITS)		
SOURCES:	Scenario A: tax credits priced at .78	Scenario B: tax credits priced at .82
City of Fremont	\$3,219,000	
Tax Credits Equity Investors	\$16,385,822	\$17,217,801
Multifamily Housing Program (MHP)	\$3,890,921	
Alameda County-Mental Health Services Act (MHSA)	\$2,000,000	
Alameda County HOME/HOPWA	\$ 800, 000	

MAIN STREET VILLAGE-SOURCES AND USES SUMMARY (64 AFFORDABLE RESIDENTIAL UNITS)		
Affordable Housing Program (AHP)	\$384,000	
General Partner Equity	\$200,000	
Deferred Developer Fee	\$221,000	
Total Sources	\$27,100,743	\$27,932,722
USES:		
Site Acquisition Costs	\$3,077,936	
Hard Construction Costs	\$17,272,716	
Soft Costs	\$7,999,950	
Developer Fee/Overhead/Profit	\$1,400,000	
Total Uses/Total Development Costs (TDC)	\$29,750,602	\$29,750,603
Gap Funding Required	\$2,649,859	\$1,897,881
Total Residential Units	64	
TDC Per Unit Cost	\$464,853	
Gap Funding Per Unit Cost	\$41,404	\$29,654

Note: In Scenario B, all amounts are the same as Scenario A, except as noted.

The current financing plan illustrates a funding gap ranging from \$1,817,880 to \$2,649,859. Given the current uncertainty in the financial markets, the precise amount of the project financing gap is unknown at this time. While Allied and MPHC are pursuing a number of financing sources for the proposed project, it is likely that Allied will submit a future financing request to the Agency/City Council to assist with closing this permanent funding gap.

ENVIRONMENTAL REVIEW:

Statutory Exemption from CEQA: Pursuant to Section 15262 of the California Environmental Quality Act (CEQA) Guidelines, a project involving only feasibility or planning studies for possible future actions which an agency, board or commission has not approved, adopted or funded is statutorily exempt from CEQA. Approval of the predevelopment loan will fund deposits, feasibility studies, preliminary site design and environmental studies, all of which facilitate environmental review. Environmental factors will be considered in the site analysis being completed in the predevelopment work, and if the development moves forward, further environmental analysis and documentation will be completed as required by CEQA.

FISCAL IMPACT: Funding for this project is provided for in the Agency’s 20% Low/Moderate Set Aside Fund (911HHD6113).

ENCLOSURES:

- Draft Resolution
- Site Map

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